

FY2016 1Q Information Meeting

**July 27th, 2016
Advantest Corporation**

NOTE

◆ Accounting Standards

Starting with our securities report for fiscal 2015, Advantest began to voluntarily apply IFRS (International Financial Reporting Standards). Our results for fiscal 2015 and our results and outlook for fiscal 2016, described in this presentation, have been prepared in accordance with IFRS. Where values based on US accounting standards (US GAAP) are necessary for comparison, we have included them in the appropriate places.

◆ Cautionary Statement with Respect to Forward-Looking Statements

This presentation contains "forward-looking statements" that are based on Advantest's current expectations, estimates and projections. These statements include, among other things, a discussion of Advantest's business strategy, outlook and expectations as to market and business developments, production and capacity plans. These forward-looking statements can be identified by use of forward-looking terminology are subject to known and unknown risks, uncertainties and other factors that may cause Advantest's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These factors include: (i) changes in demand for the products and services produced and offered by Advantest's customers, including semiconductors, communications services and electronic goods; (ii) circumstances relating to Advantest's investment in technology, including its ability to develop in a timely fashion products that meet the changing needs of semiconductor manufacturers and communications network equipment and component makers and service providers; (iii) significant changes in the competitive environment in the major markets where Advantest purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; and (iv) changes in economic conditions, currency exchange rates or political stability in the major markets where Advantest procures materials, components and supplies for the production of its principal products or where its products are produced, distributed or sold. A discussion of these and other factors which may affect Advantest's actual results, levels of activity, performance or achievements is contained in the "Operating and Financial Review and Prospects", "Key Information - Risk Factors" and "Information on the Company" sections and elsewhere in Advantest's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

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Financial Results for 1st Quarter of FY2016

(Period ended June 30th, 2016)

Advantest Corporation
Hiroshi Nakamura
Director and Managing Executive Officer

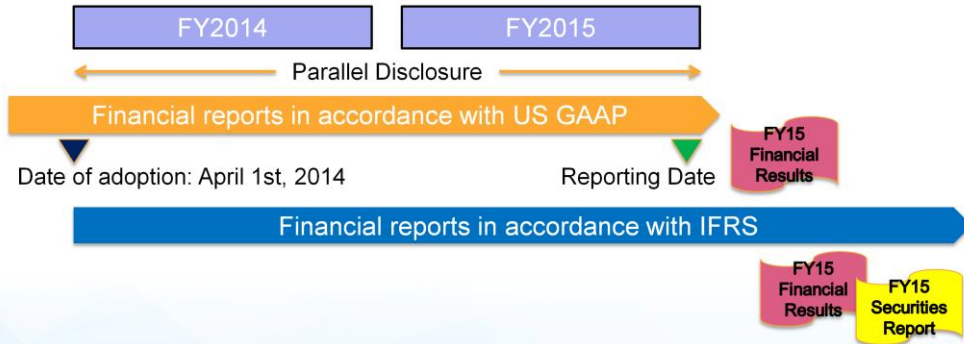
**Advantest has transitioned from US GAAP
accounting standards to International
Financial Reporting Standards (IFRS)**

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1. Transition to IFRS

Date of adoption: April 1st, 2014

IFRS was first applied in our securities report for the period ended March 31st, 2016.



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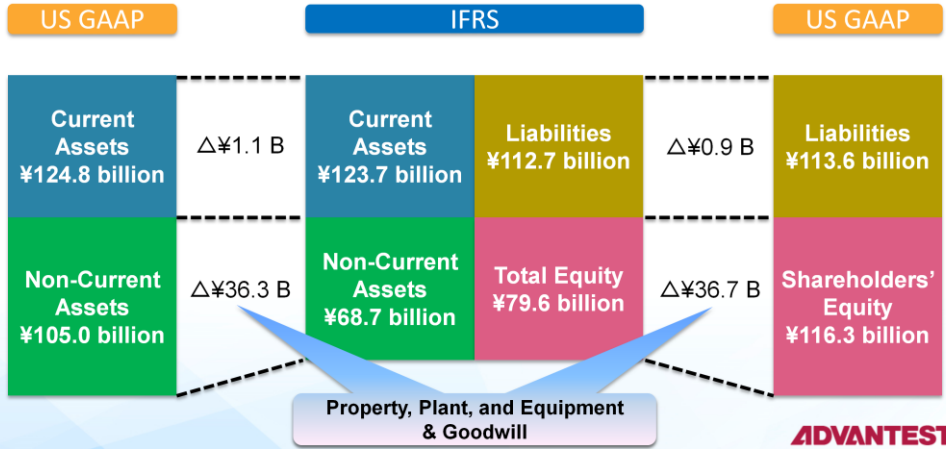
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○ Transition to IFRS

- Advantest delisted its shares from the NYSE in April 2016, and adopted IFRS in place of US GAAP for our securities reports starting with the period ended March 31st, 2016.
- For the period ended March 31st, 2016, financial results were filed in accordance with both US GAAP and IFRS.
- According to the disclosure requirements of IFRS, we are disclosing figures based on IFRS for our date of adoption (April 1st, 2014), for FY2014, and for FY2015.

2. B/S at the date of transition to IFRS

- Total Assets: US GAAP ¥229.9 billion → IFRS ¥192.3 billion
- Shareholders' Equity: US GAAP ¥116.3 billion → IFRS ¥79.6 billion



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6

○ Fluctuations Due to Our Transition to IFRS

- Non-current assets and shareholders' equity fluctuated approximately ¥36 billion due to our first time adoption to IFRS on April 1st, 2014.

Financial Results: Highlights

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FY2016 1Q Summary of Results

		(¥B)			
		FY2015 1Q	FY2016 1Q	YoY(¥)	YoY(%)
Orders		44.0	43.8	-0.2	-0.6%
Sales		40.2	40.7	+0.5	+1.3%
Gross Profit		22.1	25.3	+3.1	+14.2%
Gross Profit Margin		55.1%	62.2%	+7.1pts	
Operating Income		2.5	5.7	+3.3	+131.8%
Operating Income Margin		6.2%	14.1%	+7.9pts	
Income Before Tax		2.5	6.2	+3.6	+144.2%
Net Income		1.8	5.0	+3.2	+183.5%
Net Income Margin		4.4%	12.2%	+7.8pts	
Backlog		48.0	36.5	-11.4	-23.8%
Exchange rate	1 US\$	¥120	¥111	¥9 Appreciation	
	1 Euro	¥131	¥124	¥7 Appreciation	

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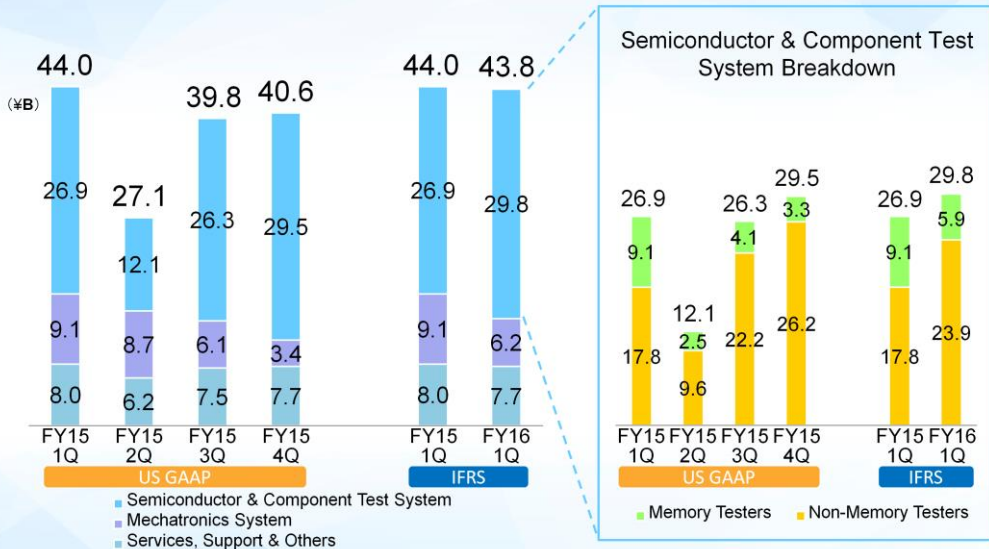
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8

○ FY2016 1Q Results Summary

- Orders ¥43.8 billion -0.6% YoY
 - Sales ¥40.7 billion +1.3% YoY
 - Gross Profit ¥25.3 billion +14.2% YoY
 - Operating Income ¥5.7 billion approx. 2.3x YoY
 - Income Before Tax ¥6.2 billion approx. 2.4x YoY
 - Net Income ¥5.0 billion approx. 2.8x YoY
- Despite a less favorable foreign exchange environment than in the same period of the previous year, semiconductor test demand related to low-end / mid-range smartphones exceeded estimates, enabling Advantest to post sales and orders roughly flat with the same period of the previous year.
 - While sales held the same level as in the same period of the previous year, a more profitable product mix generated significantly higher earnings.

FY2016 1Q Orders by Segment



Note: Intersegment transactions have been eliminated from totals

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9

○ FY2016 1Q Orders by Segment

○ Semiconductor & Component Test System

- ¥29.8 billion +11% YoY
- of which, non-memory testers: ¥23.9 billion
- memory testers: ¥5.9 billion

- Booming production of semiconductors for low-end / mid-range smartphones drove higher non-memory tester orders.
- Compared to the same period of the previous year, which saw large-scale investment in memory capacity, memory tester orders declined YoY, but began to grow at the end of June.

○ Mechatronics System

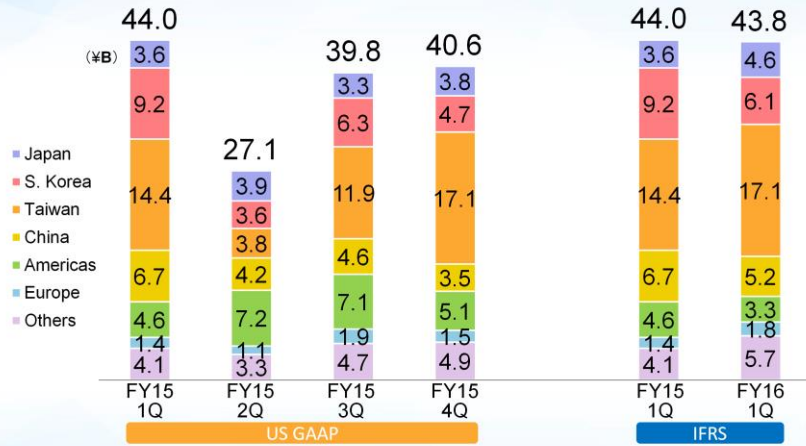
- ¥6.2 billion -32% YoY

- Our device interface business, which is highly correlated with memory tester demand, saw a decline in orders.

○ Services, Support & Others

- ¥7.7 billion -3.0% YoY

FY2016 1Q Orders by Region



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10

○ FY2016 1Q Orders by Region

○ Regions where orders fluctuated significantly year-on-year:

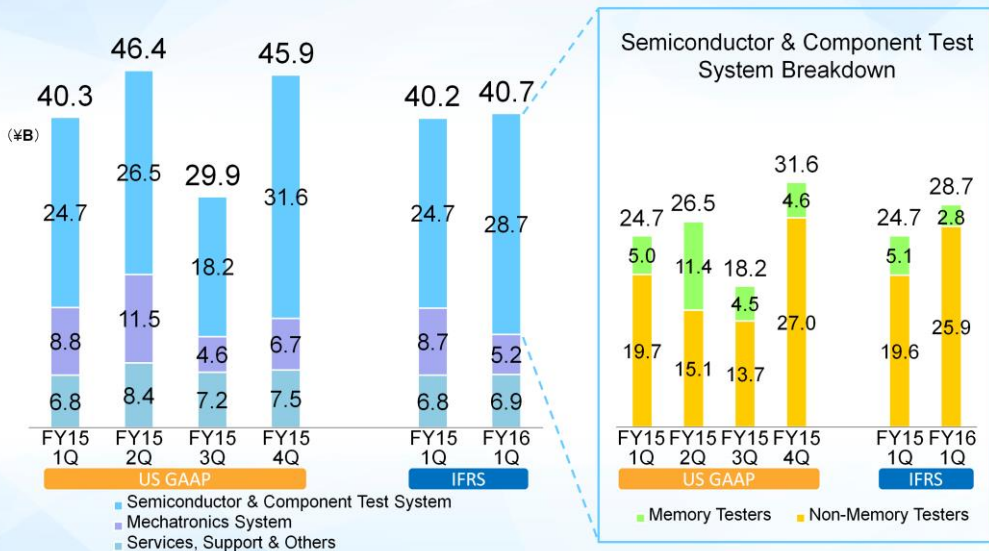
- Taiwan

Smartphone-related semiconductor test demand was robust, driving higher non-memory tester orders.

- South Korea, China

Orders fell in comparison to the same period of the previous year, when memory investment was vibrant.

FY2016 1Q Sales by Segment



Note: Intersegment transactions have been eliminated from totals

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11

○ FY2016 1Q Sales by Segment

○ Semiconductor & Component Test System

- ¥28.7 billion +16% YoY
- of which, non-memory testers: ¥25.9 billion
- memory testers: ¥2.8 billion

- As for orders, low-end and mid-range smartphone-related demand drove strong non-memory tester sales.
- Memory tester orders had struggled through the previous quarter, leading to a dearth of sales this quarter.

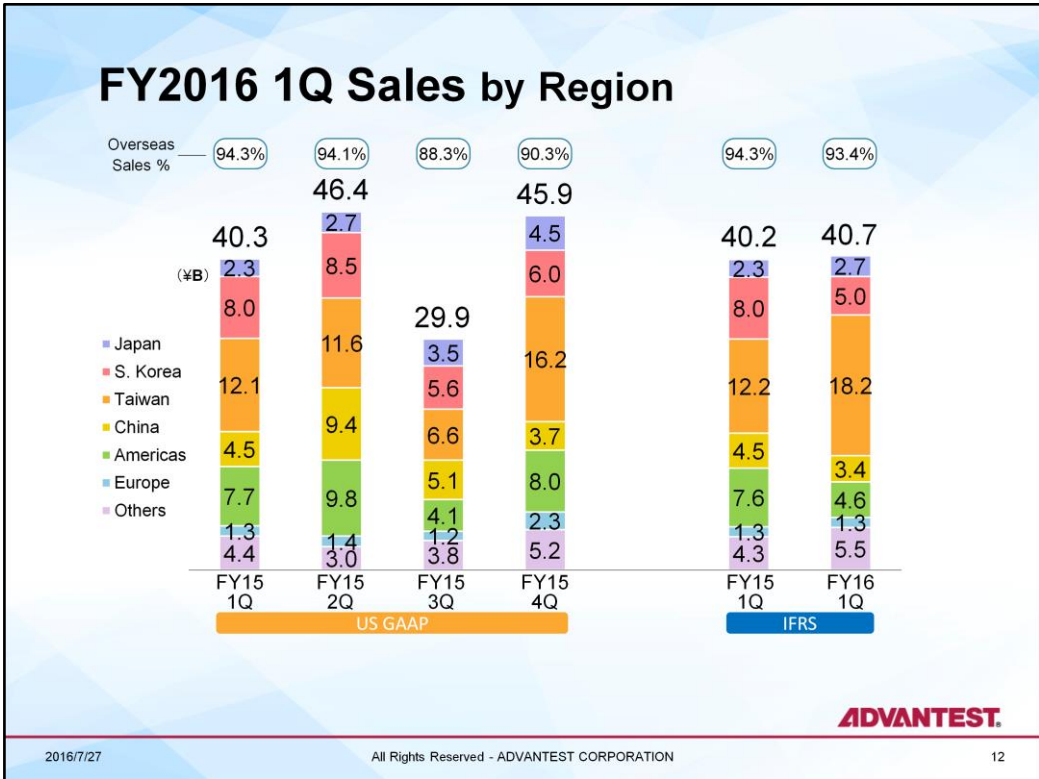
○ Mechatronics System

- ¥5.2 billion -41% YoY

- Weakness in the DRAM market dragged on sales of device interfaces, this segment's primary product line.

○ Services, Support & Others

- ¥6.9 billion flat YoY



○ FY2016 1Q Sales by Region

○ Regions where sales fluctuated significantly year-on-year:

- Taiwan
As with orders, robust smartphone-related semiconductor test demand drove non-memory tester sales approximately 50% higher year-on-year.
- South Korea, China
Sales of memory testers and PC-related sales stagnated.
- As a result of the above, our percentage of sales to customers outside Japan in this quarter was 93.4%.

FY2016 1Q Sales / Gross Profit / Operating Income



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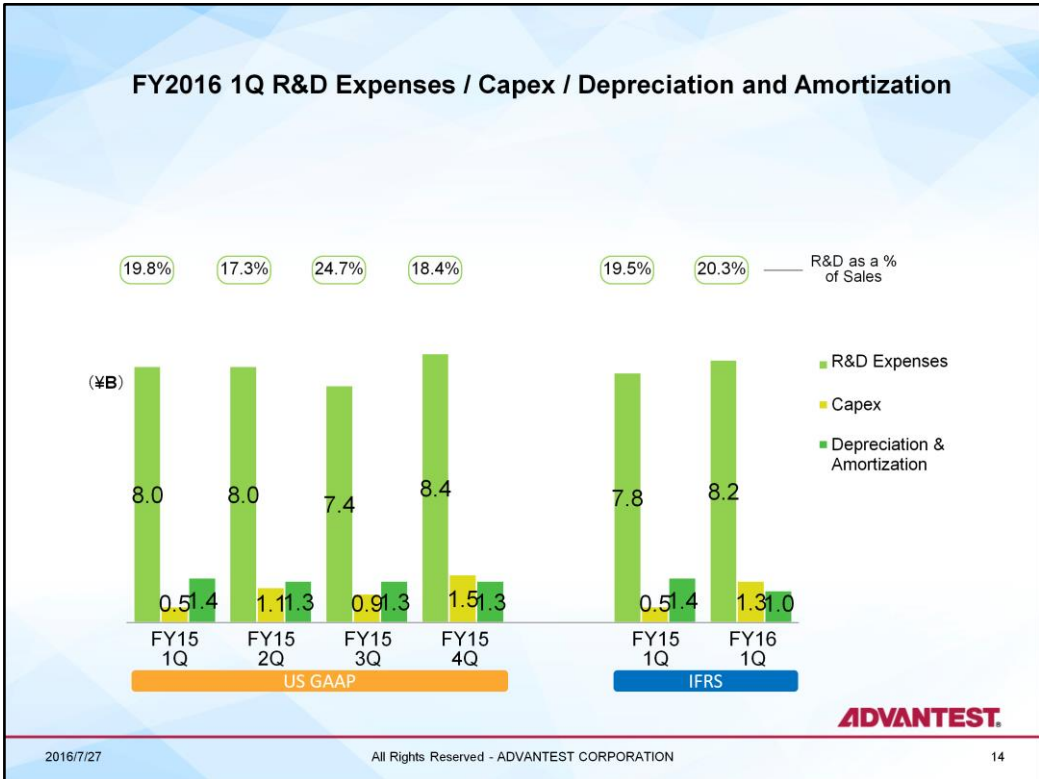
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13

○ FY2016 1Q Sales / Gross Profit / Operating Income

- Gross Profit +¥3.1 billion YoY ¥25.3 billion
 - Although sales held their level YoY, gross profit rose.
 - More-profitable non-memory testers played a larger role in our product mix.
- Gross Margin +7.1 points YoY 62.2%
- Selling, General, and Administrative Expenses flat YoY ¥19.6 billion
- Operating Income +¥3.3 billion YoY ¥5.7 billion
- Operating Margin +7.9 points YoY 14.1%

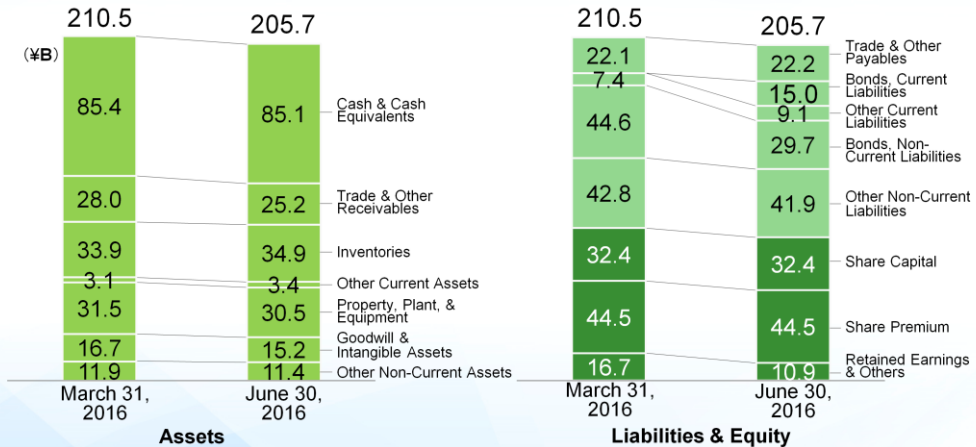


○ FY2016 1Q R&D Expenses / Capex / Depreciation and Amortization

- R&D Expenses ¥8.2 billion
- Capex ¥1.3 billion
- Depreciation and Amortization ¥1.0 billion

FY2016 1Q Balance Sheet

Equity Attributable to Owners of the Parent	93.6	87.8
Ratio of Equity Attributable to Owners of the Parent	44.5%	42.7%



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○ Balance Sheet for Period Ending June 30, 2016

- Our balance sheet did not change significantly in the quarter.
- Equity Attributable to Owners of the Parent: ¥87.8 billion
- Ratio of Equity Attributable to Owners of the Parent: 42.7%
1.8 points down from the end of the previous fiscal year

FY2016 Business Outlook

Advantest Corporation
Shinichiro Kuroe
Representative Director, President & CEO

FY2016 Financial Results Forecast

	※US GAAP			(¥B)	
	FY2015	FY2016 Forecast (April)	FY2016 Forecast (July)	vs. FY2015 (¥)	vs. FY2015 (%)
Orders	151.5	158.0	158.0	+6.5	+4.3%
Backlog	33.5	36.0	35.5	+2.0	+6.0%
Sales	162.1	156.0	156.0	-6.1	-3.8%
Semiconductor & Component Test Systems	100.8	94.0	96.7	-4.1	-4.0%
Mechatronics	31.5	30.0	27.6	-3.9	-12.3%
Services, Support & Others	29.9	32.0	31.7	+1.8	+5.9%
Operating Income	12.6	10.0	11.0	-1.6	-12.7%
Operating Income Margin	7.8%	6.4%	7.1%	-0.6pts	
Income Before Tax	11.8	10.0	11.5	-0.3	-2.3%
Net Income	6.7	7.5	8.5	+1.8	+27.0%
Net Income Margin	4.1%	4.8%	5.4%	+1.3pts	

✓ Exchange Rate Assumptions for 2Q, 3Q, 4Q FY2016 Forecast: 1 US\$ = ¥ 100, 1 Euro = ¥110
 (Revised from April assumptions of 1 US\$ = ¥ 110, 1 Euro = ¥120.
 Previous fiscal year's actual exchange rates: 1 US\$ = ¥ 121, 1 Euro = ¥133.)

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17

○ FY2016 Forecast

- The low-end and mid-range smartphone markets have generated solid test demand since last autumn, and continued to trend strongly in 1Q, driving Advantest's results.
- Based on current exchange rates, we have revised our exchange rate assumptions for 2Q, 3Q, and 4Q FY2016 to 1 US\$ = ¥ 100, 1 Euro = ¥110.
- We expect our NAND and SSD test businesses to grow by a robust ¥6 billion in the next nine months. If the average exchange rate were 1 US\$ = ¥100, total sales would remain flat, as strong sales growth should absorb these exchange rate fluctuations.
- Hence our revised forecast for FY2016 calls for:
 - Orders ¥158.0 billion
 - Sales ¥156.0 billion
 - Operating Income ¥11.0 billion
 - Net Income ¥8.5 billion

Orders and sales forecasts have not been revised.

Our profit forecast has increased due to the impact of foreign exchange rates and a decrease in depreciation expenses owing to our transition to the IFRS accounting standard.

Outlook by Segment

■ Semiconductor & Component Test System

Non-Memory Tester Business

- ✓ Based on 1Q progress and smartphone market trends, strong expansion is foreseen for the full year even if orders temporarily decrease.
- ✓ High-potential markets including virtual reality, the IoT, high-speed networks, game consoles, automotive , etc. continue to reinforce the foundation of our business.
- ✓ We foresee increased demand, starting in the second half, from organic EL driver ICs and LCD driver ICs.
- ✓ We successfully introduced new modules for RF and mixed-signal devices. The competitiveness of our testers is steadily improving.

Memory Tester Business

- ✓ With 3D NAND demand significantly expanding, there is a major opportunity for us to grow our NAND flash memory tester business.

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18

○ Outlook by Segment: Semiconductor & Component Test System Segment

- Non-memory testers:
 - Although smartphone production continues to expand, chiefly in the low-end / mid-range segments, we expect a downward trend in orders starting from 2Q, based on the fact that tester demand in 1Q grew more than expected
 - On the other hand, high-potential markets including virtual reality and the IoT, high-speed networks, game consoles, automotive , etc. continue to reinforce the foundation of our business.
 - We also foresee increased demand from the display sector, starting in the second half, amid organic EL driver IC and LCD driver IC production growth.
 - Based on these factors , even smartphone -related tester demand decreases from 2Q, our non-memory tester business is moving into an era of robust expansion.
- Regarding the future of the memory tester market, strong sales of mid-range and high-end smartphones employing LPDDR4 memory can be expected to boost DRAM tester demand .
- In addition, with 3D NAND demand significantly expanding, there is a major opportunity for us to grow our NAND flash memory tester business.

Outlook by Segment

Shifts in the NAND Flash Memory Tester Market

End-product demand → Semiconductor trends → Impact on tester market

- Data server performance improvements
Performance demands are accelerating the shift to the exclusive use of flash storage
- Smartphone performance improvements
Better storage performance is needed to support storage of video and photographs taken in burst mode

- Higher capacity
3D memory cell configurations are delivering higher storage capacity
- High-speed R/W
Memory cell reading and writing speeds are increasing
- Higher-speed interfaces
High-speed I/F standards (UFS, PCIe) are being adopted

- ① Higher capacity means longer test times
- ② Testers for higher-speed R/W test will be needed
- ③ System level test for UFS, PCIe, and other protocols will be required

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19

○ Shifts in the NAND Flash Memory Tester Market

- The evolution of NAND device technology is causing test methods to change.
- First of all, regarding 3D NAND, higher device capacity is extending test times, and new volume production lines for 3D NAND are coming on line. These factors will support tester demand for NAND flash. We hope to take advantage of this business opportunity.
- Another factor is that protocol type NAND support will also be required. In the future, high-end NAND for mass production will increasingly use high-speed interfaces, and signal exchanges will also be protocol-based. We will capture the portion of the NAND market which has adopted these high-speed protocols such as UFS.
- These changes in NAND test technology create an opportunity for clear technology differentiation, enabling us to grow our presence in this high-potential market.

Outlook by Segment

■ Mechatronics

- ✓ The impact of yen appreciation has compelled us to revise our full-year sales forecast.
- ✓ Based on customer trends, we expect our device interface and nanotechnology businesses to grow in the second half.

■ Services, Support, & Others

- ✓ SSD testers are steadily gaining ground, and should post better results starting from 2Q.
- ✓ As a result, we expect to sustain sales on a level with the previous fiscal year.

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20

○ Outlook by Segment: Mechatronics Segment and Services, Support, & Other Segment

- Mechatronics Segment
 - For mechatronics, we forecast a year-on-year decline from the beginning of the year, but based on the impact of greater-than-expected yen appreciation, we have revised our full-year sales outlook downward.
 - However, our device interface business is driven by memory tester demand, and if this picks up, sales for our entire mechatronics business, should recover toward the second half of the fiscal year.
 - Our nanotechnology business is also expected to grow toward the second half of the fiscal year, based on the number of customer inquiries we are fielding.
- Services, Support, & Other Segment
 - This segment has also felt the impact of exchange rate fluctuations. However, our closely-watched SSD tester business is growing faster than we expected at the outset of the fiscal year, and sales for the segment overall should hold the level of the previous fiscal year.

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We Guarantee the Future

ADVANTEST® EXPO 2016

October 13th, 2016 (Thursday) ~ October 15th, 2016 (Saturday)
Akihabara UDX, Tokyo

Advantest Measures The Future
Our Quadrennial Exhibition Showcases Big Ideas

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21

○ Advantest Expo 2016, our quadrennial private exhibition, will be held in Oct FY2016 in Tokyo.

- This year we have devised an innovative format focusing on ideas, in contrast to previous exhibitions, which have focused on products. The exhibition will showcase our amassed leading-edge measurement technologies across a broad range of applications.
- Further details will be available in August on our corporate website.